



November 13, 2002

Honorable Michael K. Powell  
Chairman  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

Dear Chairman Powell:

As you are well aware and have frequently said yourself, the touchstone for decisions made by state and federal communications regulators should always be the public interest. When the concept of the public interest is interpreted and applied to communications, special priority should be given to maintaining the availability, reliability and integrity of the telecommunications utility. One could make the case that this is the *paramount* responsibility of regulators at the FCC and its counterpart regulatory authorities at the state level.

Based on what has been detailed and documented in the attached TIA paper about the relationship between investment, capital expenditures (capex) in telecommunications infrastructure equipment and service quality, the recent and projected broad downward trends in capex should cause alarm bells to go off among regulators at every level. *The Ameritech data show what many have long known or suspected: There is a direct and irrefutable relationship between levels of network investment and service quality.* State level regulators in particular should be concerned about the declines in service that the Ameritech experience portends because they are often considered to be the individual subscriber's first line of defense against the erosion of this vital service.

Simple awareness by regulators of the relationship between investment in the network and service quality is not enough. Concrete action must be taken quickly to restore the balance between regulation in the service of the public interest and the creation and maintenance of a regulatory environment that will promote investment, innovation and shareholder value. The ongoing broadband rulemaking procedures represent the best opportunity to correct the current imbalance by adopting the recommendations contained in TIA's and the High Tech Broadband Coalition's filings in these matters.

Sincerely yours,

Matthew J. Flanigan  
President

Enclosures

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cc:

The Honorable Kathleen Q. Abernathy  
The Honorable Michael J. Copps  
The Honorable Kevin J. Martin



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